



**Date:** February 16, 2016

**To:** Thomas J. Bonfield, City Manager  
**Through:** W. Bowman Ferguson, Deputy City Manager  
**From:** Donald F. Greeley, Director, Water Management  
**Subject:** Acquisition of Durham Convention and Visitors Bureau Facility by the Department of Water Management

### **Executive Summary**

The Department of Water Management (DWM) and General Services Department (GSD) completed an evaluation of the Durham Convention and Visitors Bureau (DCVB) facility for the potential use by DWM Customer Billing Services (CBS) division. As of December 31, 2015 DCVB moved to Main Street and the site at 101 East Morgan Street is currently vacant. Durham County owns the site and has expressed a willingness to negotiate with the City of Durham for the sale of the site. Heery International Inc. assisted the DWM in the evaluation. The site would provide ease of access to water account customers and free up space within City Hall for additional programming. Remodel of the building's interior layout and construction of additional building space will be required to adequately house and facilitate CBS activities at this location. DWM and GSD recommend acquiring the DCVB site for the CBS division.

### **Recommendation**

The department recommends City Council:

1. Authorize City Manager and the General Services Department to negotiate with Durham County for the purchase of the Durham Convention and Visitors Bureau site.

### **Background**

The Durham Convention and Visitors Bureau relocated to a new facility on Main Street. Durham County owns their previous location, 101 East Morgan Street, and has expressed a willingness to negotiate a sale of the parcel with the City. The City has inquired into the feasibility of relocating DWM Customer Billing Services from City Hall to this location. Heery International, Inc. was contracted to assist DWM and GSD in evaluating the DCVB facility site conditions and constraints and determining CBS's current and future space requirements.

Several advantages of moving CBS into the vacated DCVB building include:

- Consolidation of CBS – currently the division is located in two separate locations within City Hall. This will create better business efficiencies with CBS, especially during peak customer periods.
- Allows the CBS occupied space within City Hall to be re-programmed for other space needs.
- Provides easier access to CBS for customers driving to Downtown – the DCVB has parking on site as well as adjacent on-street parking.

Some disadvantages include:

- Cost – The remodeling and building expansion cost will be in the \$1.7-\$2.3 million range. Site acquisition cost is estimated to be \$1,000,000.00.
- City may want to repurpose the site for other needs in the future.

The site consists of 0.605 acres with a one story brick building having an enclosed area of approximately 5,000 sq. feet. The main onsite parking is located in the rear of the building with 24 spaces and access from Elliott Street. Onsite Parking in the front (Morgan Street) is limited to four spaces including handicap parking.

### **Issues and Analysis**

CBS has a current staff of 29 with future projected staffing levels between 30 and 34. The need for the projected staffing level is based on the projected growth in the customer base. As online tools are developed (such as the IVR system) the actual need may not increase to this level. To adequately house the future CBS staff a building size of approximately 10,500 sq. feet is necessary. To accommodate the current CBS staff a building footprint of 8,500 sq. ft. is needed. Both scenarios will require a building expansion of the DCVB facility. Expansion of the building would reduce the overall onsite parking to approximately 10 spaces in the rear while maintaining the four in front. Remodeling and building expansion costs are projected to be in the \$1.7 - \$2.3 million range. The cost for purchasing the site is not included in this figure.

### **10,500 Sq. Ft. Building**

<b>Budget</b>	<b>Building Area</b>	<b>Expenditure</b>
Renovations (\$85/SF)	5,000	\$ 425,000
Construction Addition (\$250/SF)	5,500	\$ 1,375,000
<b>Construction Total</b>	<b>10,500</b>	<b>\$ 1,800,000</b>
Design Fee's/FF&E (30%)		\$ 540,000
<b>Project Total</b>		<b>\$ 2,340,000</b>

### **8,500 Sq. Ft. Building**

<b>Budget</b>	<b>Building Area</b>	<b>Expenditure</b>
Renovations (\$85/SF)	5,000	\$ 425,000
Construction Addition (\$250/SF)	3,500	\$ 875,000
<b>Construction Total</b>	<b>8,500</b>	<b>\$ 1,300,000</b>
Design Fee's/FF&E (30%)		\$ 390,000
<b>Project Total</b>		<b>\$ 1,690,000</b>

The current tax value of the property is \$1,021,641 (\$329K for Land - \$692K for Building).

### **Alternatives**

Alternative #1 - One alternate is to not pursue the project and continue to operate the Department of Water Management's Customer Billing Services within City Hall. This alternative does not provide City Halls desire to relocate CBS and free up space for other expansion of other departments.

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Alternative #2 - A second alternative is to purchase the DCVB site, demolish the existing structure and construct a new CBS facility, designed explicitly for CBS use (at a minimum). This alternative would increase the project cost by \$1.6 million, to a project construction cost of \$4.00 million.

Budget	Building Area	Expenditure
Construction Addition (\$300/SF)	10,500	\$ 3,150,000
<b>Construction Total</b>	10,500	<b>\$ 3,150,000</b>
Design Fee's/FF&E (30%)		\$ 945,000
<b>Project Total</b>		<b>\$ 4,090,000</b>

**Financial Impact**

Funds to purchase the property will be available in DWM account 4100P002-730100-P2120. Funds to pay for all professional services and closing costs will be available in DWM account 4100P002-725000-P2120.

**SDBE Summary**

Not Applicable